

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Moonpig Group plc (“Moonpig Group” or the “Group”)

Becoming the ultimate gifting companion

Proposed Acquisition of Buyagift

23 May 2022

Moonpig Group, the leading online greeting card and gifting platform in the UK and the Netherlands, announces the proposed acquisition of the entire issued share capital of Smartbox Group UK Limited (“Buyagift”), the UK’s leading gift experiences platform, for cash consideration of £124 million⁽¹⁾ (the “Acquisition”).

Highlights

Acceleration of Moonpig Group’s strategy to become the ultimate gifting companion:

- Creates the UK’s leading range of physical and experiential gifts, delivering a step-change in Moonpig’s gifting proposition
- Unlocks the growing £6bn UK gift experiences segment of the gifting market
- Leveraging the Group’s proprietary dataset on gifting intent to drive highly relevant gift recommendations across thousands of new products
- Unlocks potential for digital delivery of gifts (“gift-in-a-card”) and the same-day gifting market
- Network effects as gift redemption brings recipients into the Moonpig ecosystem

Buyagift is the UK’s leading gift experiences platform:

- Leading market position with 3.3 million customers across two long-established brands, Buyagift and Red Letter Days
- Consistent double digit revenue growth CAGR over last 10 years, with view to accelerate to mid-teens in the medium term
- Longstanding relationships with over 4,400 partners, built up over 20 years, which would be difficult and time consuming to replicate
- The broadest and deepest geographical footprint in the UK with true national coverage
- Strong financial model, with consistent revenue growth, high margins and robust cash generation

Moonpig Group is the best owner for this business:

- Leverage the Group’s market-leading capabilities in technology, data and brand-building to accelerate revenue growth in Buyagift
- Revenue synergies from integrating Buyagift’s product offering into the Moonpig Group platform, driving cross sell opportunities

Financially attractive transaction:

- Attractive valuation, with cash consideration of £124 million, compared to unaudited FY22 EBITDA of £14 million
- Medium term target for annual percentage revenue growth in the mid-teens
- Margin accretive, hence we are raising the Group’s medium-term Adjusted EBITDA margin rate target to between approximately 25.0% and 26.0%

- 100% cash funded through cash on balance sheet and a committed extension to the Group's senior revolving credit facilities
- Over 20% Adjusted EPS accretion in the first year of acquisition
- ROIC in excess of WACC in the third year of acquisition
- Net debt to Adjusted EBITDA comfortably below 2.0x by April 2023

Moonpig Group CEO Nickyl Raithatha commented:

“The proposed acquisition of Buyagift rapidly accelerates Moonpig Group’s journey to become the ultimate gifting companion. There is strong strategic rationale for the transaction, and compelling financial benefits. Buyagift is profitable and highly cash generative, with a proven track record of strong growth and we are excited by the ways that we can further transform the business using the Group’s proven playbook. We see significant potential for the cross-selling of gifting experiences to Moonpig Group’s loyal customers. We look forward to working with the Buyagift team to deliver an enhanced proposition for our customers and to create value for our shareholders.”

Strategic rationale

The combination of Moonpig Group and Buyagift will accelerate the Group’s strategy to become the ultimate gifting companion.

The Acquisition unlocks the £6 billion UK gift experiences segment of the £57 billion total addressable gifting market⁽²⁾. The experiences segment is growing at a faster rate than total gifting as a result of the secular consumer trend towards experiential gifts such as days out, meals and activities rather than physical gifts. Within this segment, specialist gift experiences platforms such as Buyagift have consistently increased their market share by providing superior choice, flexibility and assurance of quality to consumers across the UK. As the leading platform in a large and fragmented market, Buyagift is well positioned to accelerate market share gains within the growing experience gift market.

Buyagift’s portfolio of gift experiences will deliver an instant step-change to the breadth and relevance of Moonpig Group’s range without requiring additional inventory. It will enable us to combine the Group’s proprietary dataset on gifting intent with an expanded offering to produce highly relevant gifting recommendations as well as allowing us to leverage location-based data relating to recipients. The outcome is that Moonpig Group will be able to recommend specific and bespoke gift experiences to approximately 13 million loyal customers every time they shop with us.

The proposed Acquisition will enable digital delivery of gifts on Moonpig Group’s technology platform. This includes both the opportunity to “make the greeting card the gift” through gift vouchers printed within the card, and unlocks the same-day gifting market through embedding the gift experience in an e-card delivered instantly.

A key Group objective is to drive flywheel effects to ensure a sustainable growth model. Buyagift excels at this, converting gift recipients into customers as it captures recipient details through the redemption process and converts them into customers through personalised CRM campaigns. It has invested to enable an increasing proportion of experience bookings to be transacted directly on its website. We will introduce this to our existing business as we integrate gift experiences on Moonpig.com.

The leading gift experiences platform

Buyagift is the leading gift experiences platform in the UK, with over 4,400 experience partners, offering over 4,800 experiences across categories including short stays, theatre and shows, dining out, afternoon tea and family days out. It has the broadest and deepest geographical footprint in the UK, with truly national coverage. This has been built up over 20 years, and is a proposition that would be difficult and time consuming to replicate.

It operates through two brands, Buyagift (the UK's largest gift experiences platform) and Red Letter Days (the UK's third largest gift experiences platform), which are both long-established and well known by customers. Buyagift also sells experiences through retail, e-retail and B2B channels, with over 2,500 retail points of sale. Its focus on customer experience has driven high levels of customer satisfaction and significant rates of repeat purchase. It generates 1.7x⁽³⁾ website visits versus its nearest competitor and there is scope to consolidate and further grow this position under the Group's ownership, leveraging Moonpig Group's data expertise.

Buyagift has a strong financial model, including revenue and Adjusted EBITDA growth through the cycle. In FY22, the business reported unaudited revenue⁽⁴⁾ of £44 million. It has favourable unit economics and is highly profitable with an unaudited FY22 Adjusted EBITDA margin rate of 31%⁽⁵⁾.

The business is highly cash generative. Operating cash conversion exceeds 100%, reflecting low capital expenditure, negligible inventory and a negative working capital cycle.

The best owner for this business

Moonpig Group has a range of market-leading capabilities with high relevance to the Buyagift business. We have proven experience in using technology and data to create sustainable competitive advantages; we have a track record of building brands that our customers love; and we have an absolute focus on driving customer lifetime value. There is an opportunity to leverage Moonpig Group's strategic and operational "playbook" post-Acquisition, building on the existing strong foundations of the Buyagift business.

In due course, the Group expects to deliver revenue synergies from integrating Buyagift's offering into the Moonpig Group platform. The proposed Acquisition will accelerate time-to-market for fully implementing gift experiences on Moonpig.com and enable the tailoring of range and price points for alignment with Moonpig.com customers' requirements.

Buyagift will be run as a standalone segment under its existing management team.

Financially attractive transaction

We believe that the proposed Acquisition brings a high quality, complementary business to Moonpig Group at an attractive valuation. Cash consideration for the proposed Acquisition is £124 million, compared to unaudited FY22 EBITDA of £14 million. Buyagift has a long track record of double digit revenue growth, which we plan to accelerate in the medium term to a mid-teens percentage rate. The Acquisition will be margin accretive, hence we are raising the Group's medium-term Adjusted EBITDA margin rate target to between approximately 25.0% and 26.0%.

The Group expects the Acquisition to generate in excess of 20% accretion to Adjusted Earnings Per Share in the first year of ownership and achieve returns in excess of the Group's cost of capital in the third year of ownership.

The proposed Acquisition will be funded through cash available on the Group's balance sheet and through £60m of additional revolving credit facilities, which have been committed by certain existing lenders as an extension to the Group's existing Senior Facilities Agreement.

Following completion, the combined Group's pro forma net debt to Adjusted EBITDA as at 30 April 2022 is expected to be approximately 2.3x⁽⁶⁾. We expect this leverage ratio to increase by approximately half of a turn by 31 October 2022, driven by working capital seasonality, after which the combined Group will de-leverage rapidly to comfortably below 2.0x by April 2023.

Group outlook

We remain confident in our existing expectations for Group trading in FY23. Based on the anticipated completion of the Acquisition by the end of July 2022, we now expect revenue for the enlarged Moonpig Group in FY23 to be approximately £350 million.

In the medium-term, we expect to accelerate the revenue growth of Buyagift, and continue to target mid-teens percentage underlying revenue growth for the enlarged Group.

The proposed Acquisition is expected to be margin accretive, in view of which we are raising the Group's medium-term Adjusted EBITDA margin rate target to between approximately 25.0% and 26.0%.

Further information

The Acquisition constitutes a Class 2 transaction pursuant to the UK Listing Rules. For the purposes of the LR 10.4.1 R (Notification of class 2 transactions), Buyagift's unaudited statutory revenue and unaudited Adjusted EBITDA for the year ended April 2022 was £44 million and £14 million respectively. Gross assets at 30 April 2022 were £83 million.

Completion of the proposed Acquisition is conditional on UK regulatory clearance, and it is expected to complete by the end of July 2022.

Investor and analyst conference call

An investor presentation will be available on the Investor Relations section of Moonpig Group's corporate website (www.moonpig.group/investors) shortly after 7:00am on 23 May 2022.

Nickyl Raithatha (CEO) and Andy MacKinnon (CFO) will host a Q&A briefing for analysts and investors via webcast at 09:30am. Please note that the presentation will not be repeated during the Q&A briefing. Anyone wishing to listen to the Q&A should register via the following link:

<https://www.lsegissuerservices.com/spark/MoonpigGroup/events/0f0fe5cf-fa15-45ad-ae29-1323eaaa1736>

Enquiries

Brunswick Group

Sarah West, Fiona Micallef-Eynaud

+44 20 7404 5959

moonpig@brunswickgroup.com

Moonpig Group

Nickyl Raithatha, Chief Executive Officer

Andy MacKinnon, Chief Financial Officer

investors@moonpig.com

JJT Partners (Financial Advisor to Moonpig Group)

Antonin Baladi, Basil Geoghegan, Kush Nanjee

+44 203 650 1100

J.P. Morgan Cazenove (Corporate Broker to Moonpig Group)

Harry Hampson, Alex Watkins, Mose Adigun

+44 207 742 4000

About Moonpig Group

Moonpig Group is a leading online greeting card and gifting platform, comprising the Moonpig brand in the UK and the Greetz brand in the Netherlands. In both markets, the Group is the clear online market leader in cards.

The Group's leading customer proposition includes an extensive range of cards, a curated range of gifts, personalisation features and next day delivery offering.

The Group offers its products through its proprietary technology platforms and apps, which utilise unique data science capabilities designed by the Group to optimise and personalise the customer experience and provide scalability. Learn more at <https://www.moonpig.group/>.

Forward Looking Statements

This announcement contains certain forward-looking statements with respect to the financial condition, results or operation and businesses of Moonpig Group plc. Such statements and forecasts by their nature involve risks and uncertainty because they relate to future events and circumstances. There are a few other factors that may cause actual results, performance or achievements, or industry results to be materially different from those projected in the forward-looking statements.

These factors include general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance of programmes, or the delivery of products or services under them; industry; relationships with customers; competition and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. We undertake no obligation to update or revise any forward- looking statements to reflect any change in our expectations or any change in events, conditions or circumstances.

Important Notices

PJT Partners (UK) Limited ("PJT Partners"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Moonpig Group and no one else in connection with the matters described herein and will not be responsible to anyone other than Moonpig Group for providing the protections afforded to clients of PJT Partners or for providing advice in connection with the matters described herein. Neither PJT Partners nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of PJT Partners in connection with this announcement, any statement contained herein or otherwise.

J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("J.P. Morgan"), which is authorised by the Prudential Regulatory Authority (the "PRA") and regulated in the United Kingdom by the PRA and the FCA, is acting exclusively as corporate broker for the Group and no one else in connection with the Acquisition and it will not regard any other person as a client in relation to the Acquisition and will not be responsible to anyone other than the Group for providing the protections afforded to its clients or for providing advice in relation to the Acquisition or any other transaction, matter, or arrangement referred to in this announcement.

Notes

1. Proposed acquisition of Buyagift from SBG Financial Holding DAC, which is ultimately controlled by Pierre-Edouard Stérin, the founder of Otium Capital
2. Source: OC&C
3. Source: Similarweb, based on 3 month visits from February – April 2022
4. Refers to statutory revenue
5. Calculation based on statutory revenue
6. Based on the pro forma Adjusted EBITDA for the preceding twelve months